

EX PARTE OR LATE FILED



GTE Service Corporation
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202 463-5200

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November 17, 1994

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NOV 17 1994

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

RE: **EX PARTE MEETING ON CC DOCKET NO. 94-1**

Dear Mr. Caton:

Pursuant to Section 1.1206 of the Commission's Rules, GTE is filing with the Secretary's office two copies of materials discussed in an *ex parte* presentation relating to the above docket on November 17, 1994.

GTE representatives met with Chief Economist Michael Katz to discuss issues relating to CC Docket No. 94-1. GTE discussed points already made on the record in the above proceeding, as well as those in the attached materials.

Please call me at 463-5293 if you have any questions.

Sincerely,

Edwin J. Shimizu
Director-Regulatory Matters

Attachments

c: Michael Katz - 1919 M Street, NW - Room 822

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

COMPETITIVE MARKET AREA DEMONSTRATION AND DATA REPORTING REQUIREMENTS

USTA PROPOSAL COLLECTION OF DATA TO ASSESS THE LEVEL OF COMPETITION

- OBJECTIVES:
 - SUPPORT THE EVALUATION OF COMPETITION IN A LEC WIRE CENTER(S)
 - EASE OF ADMINISTRATION -- FOR INDUSTRY AND REGULATORS
 - PROVIDE PARITY AMONG TELECOMMUNICATION PROVIDERS
 - REQUIRE NO DISCLOSURE OF COMPETITIVELY SENSITIVE INFORMATION
 - USE EXISTING MECHANISMS WHENEVER POSSIBLE

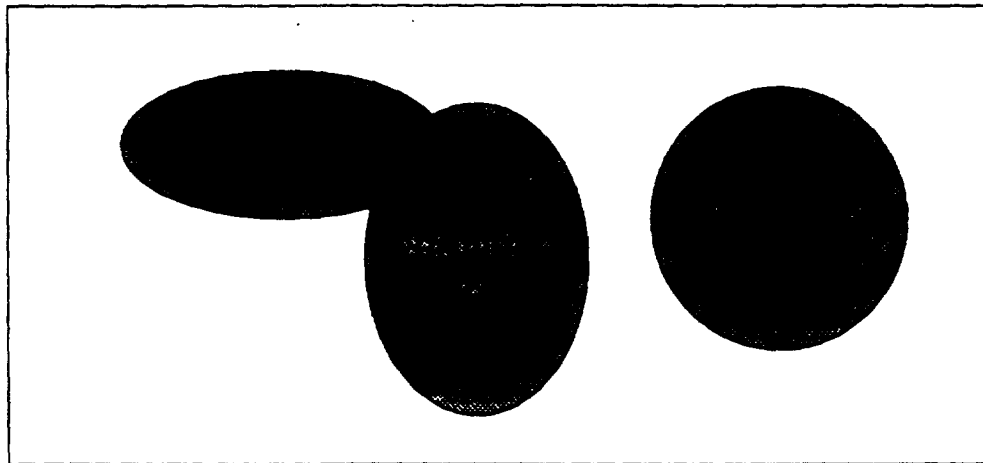
USTA PROPOSAL PROCESS FOR DEMONSTRATING A CMA CLASSIFICATION

- THE FOLLOWING STEPS WOULD ESTABLISH THE PRESENCE OF COMPETITIVE ALTERNATIVES IN WIRE CENTER(S)
 - IDENTIFY AREAS SERVED BY COMPETITIVE NETWORKS
 - FROM FCC REPORTING REQUIREMENTS
 - USING SERVING AREAS PROVIDED BY COMPETITIVE TARIFFS
 - USING COMPETITOR'S FACILITY MAPS
 - FROM OTHER SOURCES
 - LEC MARKET RESEARCH, ETC.
 - IDENTIFY WIRE CENTER DEMAND
 - IDENTIFY PORTION OF LEC DEMAND ADDRESSABLE BY COMPETITORS
 - DETERMINE WHETHER CMA THRESHOLD IS SATISFIED

STEP 1A
IDENTIFY LOCATION OF COMPETITIVE SERVICE AREAS

FROM SERVICE AREA MAPS PROVIDED WITH INTERSTATE COMMON
CARRIER TARIFFS:

LEC WIRE CENTER(S)



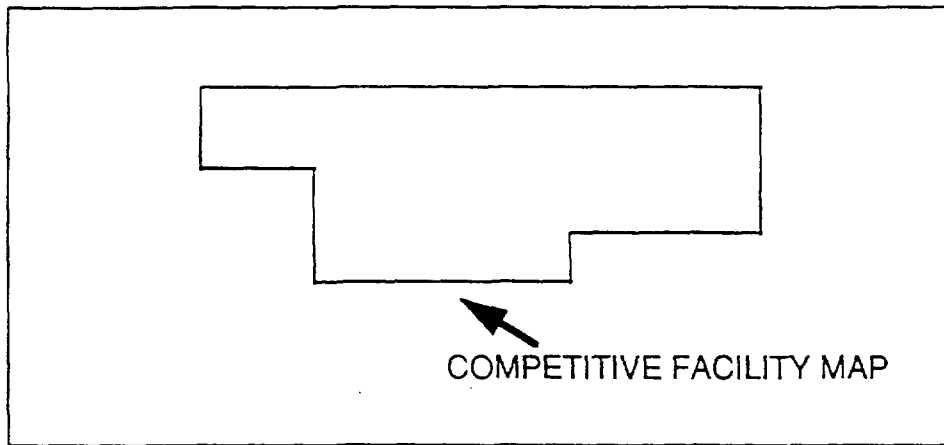
AREAS SERVED BY COMPETITORS



STEP 1B
IDENTIFY LOCATION OF COMPETITIVE SERVICE AREAS

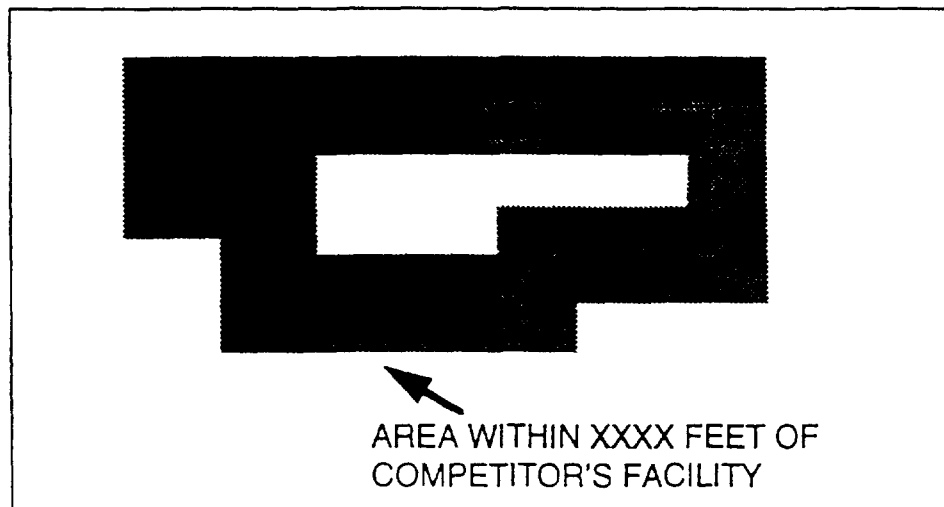
FROM SERVICE AREA MAPS PROVIDED WITH INTERSTATE
COMMON CARRIERS:

LEC WIRE CENTER(S)



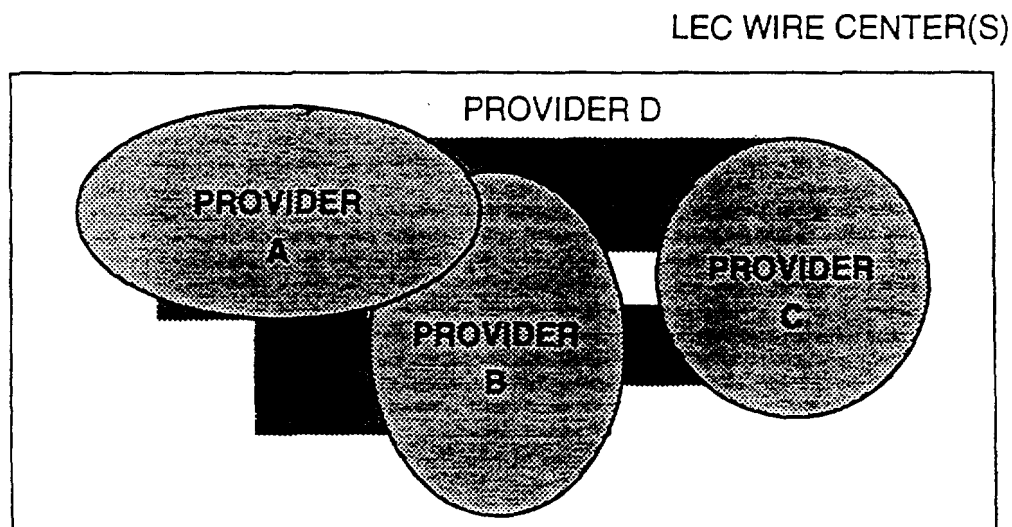
LEC ESTIMATES THE AREA ADDRESSABLE BY THE
COMPETITOR'S NETWORK

LEC WIRE CENTER(S)



STEP 1C IDENTIFY LOCATION OF COMPETITIVE SERVICE AREAS

COMBINE SERVICE AREA MAPS PROVIDED WITH INTERSTATE
COMMON CARRIER TARIFFS AND ESTIMATED SERVICE AREAS PER
INTERSTATE COMMON CARRIER FACILITY MAPS:



COMPETITIVE SERVING AREAS
PER INTERSTATE TARIFFS

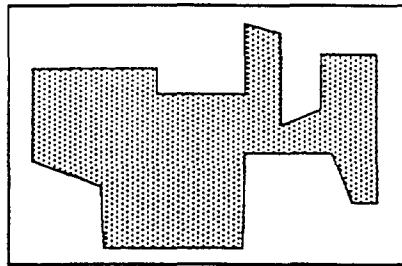


COMPETITIVE SERVING AREAS
PER ESTIMATED FACILITY MAPS



ILLUSTRATIVE CMA SHOWING USING LEC DEMAND

STEP 1 -- IDENTIFY COMPETITIVE SERVING AREAS



STEP 2 -- IDENTIFY LEC WIRE CENTER DEMAND

Originating and Terminating MOU	90,000,000 MOU
DS1 and DS3 -- MOU Equivalent	<u>22,000,000 MOU</u>
Total LEC Wire Center Demand	112,000,000 MOU

STEP 3 -- IDENTIFY PORTION OF WIRE CENTER DEMAND ADDRESSABLE BY COMPETITORS

LEC Demand Addressable by Competitors	33,000,000 MOU
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STEP 4 -- DETERMINE IF CMA THRESHOLD IS SATISFIED

$$\frac{\text{LEC Demand Addressable by Competitors}}{[\text{Total LEC Wire Center Demand}]} = \frac{33,000,000 \text{ MOU}}{112,000,000 \text{ MOU}} = 29\%$$

Exceeds the Proposed 25% Threshold

Therefore, the Wire Center Meets the CMA Threshold Requirement

**USTA PROPOSAL
COMPETITIVE DATA COLLECTION PROCESS
SERVING AREA MAPS**

- USTA PROPOSES THAT THE FCC REQUIRE ALL INTERSTATE COMMON CARRIERS TO PROVIDE SERVING AREA MAPS/ DESCRIPTIONS:
 - EACH INTERSTATE COMMON CARRIER SHOULD BE REQUIRED TO PROVIDE IN ITS INTERSTATE TARIFF:
 - THE GEOGRAPHIC AREA(S) IN WHICH ITS INTERSTATE SERVICES ARE AVAILABLE, AND
 - A LISTING OF WHICH SERVICES ARE AVAILABLE IN EACH SERVING AREA
 - IF SERVICE AREA MAPS ARE ON FILE WITH STATE COMMISSIONS AND ARE PUBLICLY DISCLOSED, MAPS NEED NOT BE FILED WITH THE FCC
 - FOR PURPOSES OF CMA EVALUATION, THE COMMISSION WILL PRESUME THE LEC'S COMPETITORS' SERVICES ARE AVAILABLE THROUGHOUT THEIR SERVICE AREAS

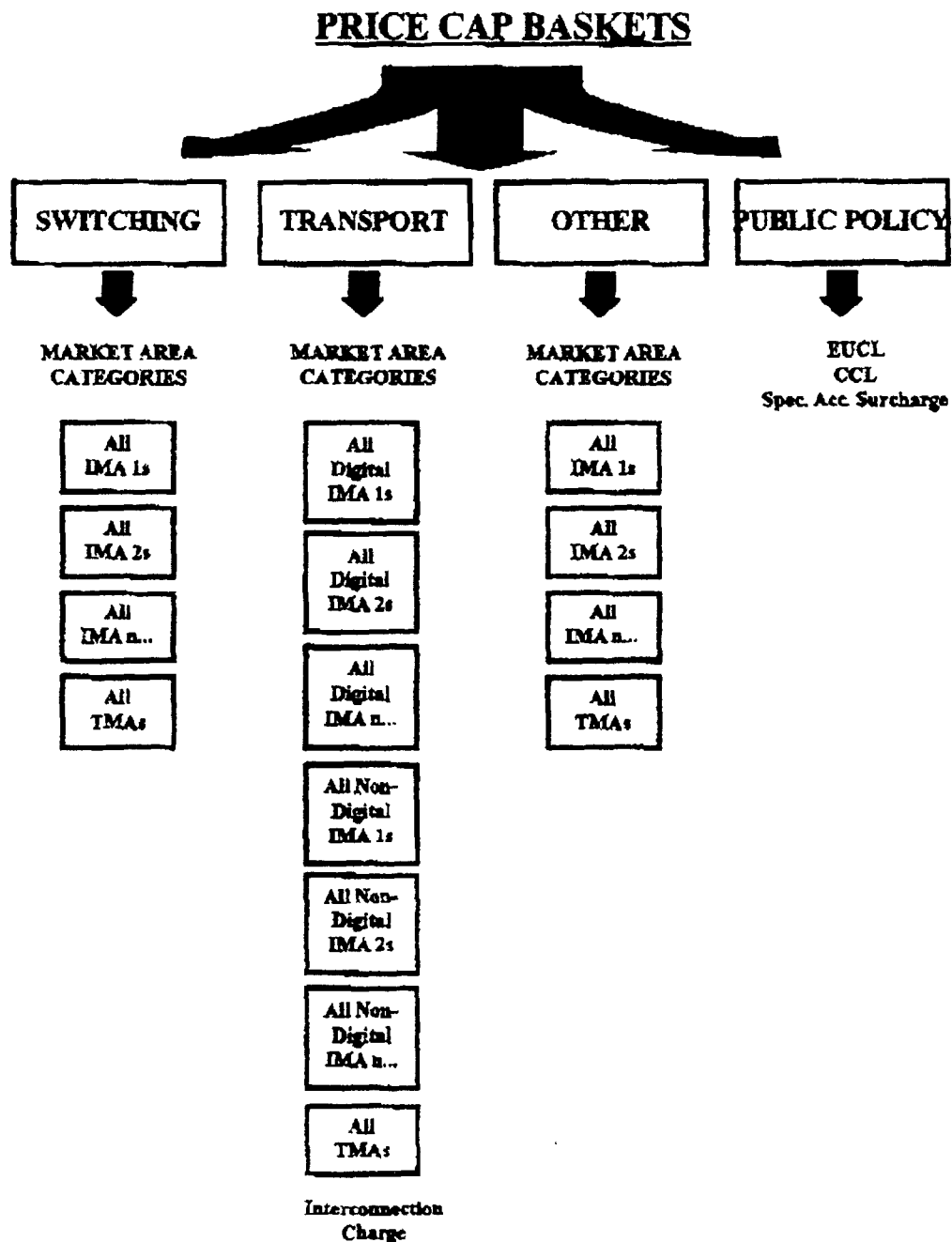
**USTA PROPOSAL
COMPETITIVE DATA COLLECTION PROCESS
SERVING AREA MAPS**

- THE PROVISION OF SERVICE AREA DESCRIPTIONS/MAPS WILL NOT BE BURDENSOME FOR INTERSTATE COMMON CARRIERS:
 - LECS CURRENTLY PROVIDE SERVING AREA DESCRIPTIONS THROUGH THE FILING OF EXCHANGE BOUNDARY MAPS WITH STATE REGULATORS
 - LECS CURRENTLY DESCRIBE WHICH SERVICES ARE OFFERED IN EACH EXCHANGE AREA IN THE NECA 4 TARIFF
 - OTHER INTERSTATE CARRIERS CAN PROVIDE SERVICE AREA DESCRIPTIONS IN A NUMBER OF NON-BURDENSOME WAYS:
 - IN THEIR INTERSTATE TARIFFS, INCLUDE A LISTING OF SERVICES AVAILABLE BY:
 - SERVING AREA, OR
 - POSTAL ZIP CODE, OR
 - CITY OR COUNTY, OR
 - LEC WIRE CENTER, OR
 - REFERENCE SERVICE AREA MAPS FILED WITH THE INTERSTATE TARIFF, OR WITH STATE REGULATORY AGENCIES

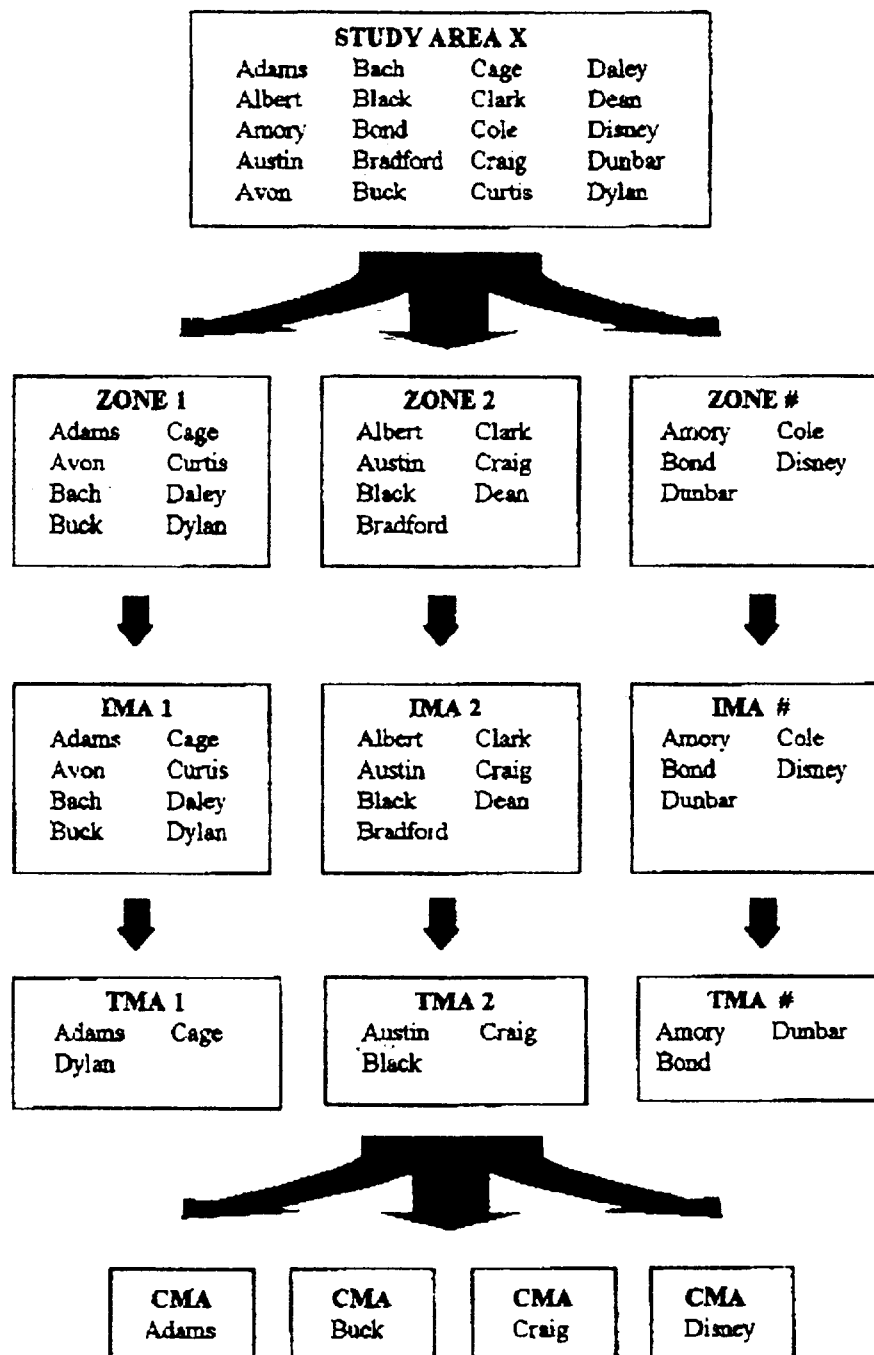
**USTA PROPOSAL
COMPETITIVE DATA COLLECTION PROCESS
FACILITY MAPS**

- IN THE EVENT THE FCC DOES NOT REQUIRE INTERSTATE COMMON CARRIERS TO PROVIDE SERVING AREA MAPS, USTA PROPOSES THAT THE FCC REQUIRE ALL INTERSTATE COMMON CARRIERS TO FILE FACILITY MAPS:
 - SHOULD INCLUDE EXISTING FACILITIES AND FACILITIES TO BE CONSTRUCTED WITHIN ONE YEAR
 - IF THE CARRIER DESCRIBES ITS SERVICE AREA IN ITS INTERSTATE TARIFF, THE CARRIER WOULD NOT BE OBLIGATED TO FILE A FACILITY MAP
- LECs ARE REQUIRED TO PROVIDE FACILITY MAPS IN THEIR SECTION 214 APPLICATIONS WHICH DESCRIBE THEIR VIDEO DIAL TONE FACILITIES.

Proposed Price Cap Basket Structure (cont.)



Transition of Market Area Classification



Proposed Support Requirements for Price Cap LECs

Proposed Support Requirements for Price Cap LECs						
Type of Filing	Cost Support Requirements			Demand Support Requirements		
	IMA	TMA	CMA	IMA	TMA	CMA
In Band	None	None	N/A	Yes	Yes	N/A
Below Band	Yes	Yes	N/A	Yes	Yes	N/A
Annual	None	None	N/A	Yes	Yes	N/A
Restructure	None	None	N/A	Yes	Yes	N/A
New Services	Yes	Yes	None	Yes	Yes	None
Contract Services	N/A	Yes	None	N/A	Yes	None
Services Excluded From Price Caps	Yes	Yes	None	Yes	Yes	None

- None:** Indicates cost and/or demand support is not required for the particular type of filing within that market area.
- N/A:** Indicates the particular type of filing is not applicable for that market area.
- Yes:** Indicates varying degrees of cost and/or demand support is required for the particular type of filing within that market area.

Proposed Notice Intervals

TYPE OF FILING	MARKET AREA CLASSIFICATION		
	IMA	TMA	CMA
Annual Tariff	90 days	90 days	N/A
Price Change - Within Band	14 days	14 days	N/A
Price Change - Above Band	120 days	120 days	N/A
Price Change - Below Band	45 days	45 days	N/A
Price Change - CMA	N/A	N/A	7 days
New Services	45 days	21 days	14 days
Restructure	21 days	21 days	14 days
Contract-Based Tariffs	N/A	21 days	14 days
Services Excluded From Price Cap Regulation	45 days	21 days	14 days
Market Area Classification	21 days	21 days	21 days
Other	21 days	21 days	14 days